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ABSTRACT

Interviews with ten officers in the lending centers of two Dallas, Texas banks concerning their possession of and need for second language skills on the job revealed that all but one had second language training and three were nonnatives. Five of the native-born Americans had lived abroad and/or studied languages in college. Two of the officers were planning assignments abroad, and one was learning a foreign language for that job. It was learned that both banks cover the cost of refresher language training, but that extra compensation for language skills is given only at the clerical level. All officers reported using their foreign language skills for 5% to 35% of each day, with superiors, co-workers, and clients, on the telephone, face-to-face, and during travel; some mentioned the importance of lowering cultural barriers with customers. Listening and speaking were identified as the most widely used skills. While the officers reported that second language skills were not necessary for international banking positions, language skills and cultural awareness are considered assets. (MSE)

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THE USE OF FOREIGN LANGUAGES IN INTERNATIONAL BANKING: A FURTHER LOOK

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My paper today is titled "A Further Look at the Use of Foreign Languages in International Banking." Last year at the EMU Conference, I presented the first look at the results of questionnaires which I had sent to banking officers in international departments of 20 leading banks in Houston and Dallas. The questionnaires asked the officers whether they used foreign langauges at work, what foreign language skills, if any, they used and to what degree. The results were positive-- that is the bankers felt that foreign language proficiency was important and useful for their career. And I was pleased to conclude that international banking, because of its interpersonal relationships and overseas opportunities, can be an interesting career for the humanities major who acquires a business core background or more exactly a Masters of International Management or MBA degree.

The information which my questionnaires provided, although helpful, had certain limitations. The block checking "yes/no" format of the questionnaire did not allow me to ask in-depth questions or explanations and of course bankers would not have had the time to write down long answers-- hence one attraction of the questionnaire being its brevity. I felt that a 20-30 minute interview with about ten officers would allow me to confirm the questionnaire's worth while giving me the opportunity to see these people in their own milieu and quite frankly as individual entities rather than computer-generated responses. I also wanted to have a closer look at the workings of international department in a major bank and discuss with the officers the structure of the department and the day-to-day functions of the international banking offcier. Finally, I was interested in determining what percentage of each day, if any, that international officers spend using the target language.

I chose two large banks in Dallas: Interfirst and Republic with sizeable international departments. These are Texas banks or what business people call oversized regional banks. They are not money-centered establishments such as Chase or Bank of America with major flows of money. I found out that the international department consists of two sections: lending and operations. Operations comprise the day-to-day activities that staff provide: issuing letters of credit, foreign exchange, collections, paying and receiving.

The lending center was where I was located. This is the center which has the line officers whose responsibility is to lend money, to monitor the loans in their portfolio and to provide services. The banks told me that marketing (soliciting business or "selling the bank") has become quite important with deregulation and that their activities include attracting customers and investors, providing information to foreigners on starting a business, on where they should locate and then offering mortgage services. Still another offcier on a higher supervisory level told me that his 3 major concerns are reviewing loan payments, market conditions and loan workups. Basically, however, the 3 services are lending money, collecting it and providing services.

The lending side to the international department at Interfirst has approximately 20 people: 15 officers and a staff of 5, whereas the larger Republic Bank has about 30. At Interfirst the lending section is further divided into geographical groups. The Latin American group is the largest and is followed by the Asian group. Then there is the so-called European group to which are attached unceremoniously Africa and the Middle East. Republic has a similar division consisting of Hemispheric Groups: Far East, Latin America, Europe and then a fourth group-- a catch-all-- consisting in Canada, Australia, New Zealand and the Middle East. I think this final category has everything else but Anarctica.

Each Hemispheric group has a division head, often a senior vice president. In Interfirst, as in Republic, Asia and Latin America were the two groups with the greatest activity; Europe is less active since it already has a mature financial market with its own banking. Roughly 10-15% of the international loans were made to Europe and Africa-- and of the balance 1/3 were made to Latin America and 2/3 to Asia.

Of the 10 officers I interviewed, all but one had foreign language training; three bankers were actually French, Portuguese and Japanese. 2 of them were going to be sent to Japan and Brazil. The man going to Brazil was given a rather strong incentive-- he had to learn Portuguese by this September or his boss wouldn't let him go to his assignment in São Paolo (to what degree he had to learn Portuguese I am not sure and I don't know if his manager even knew). In any event, he was industriously meeting with his Berlitz instructor during every noon hour. The instructor would come to the bank at the banker's convenience. I was pleased to learn that Republic was paying the costs of language training. Both banks, I was informed, cover the costs of additional refresher language training. One woman in the European section of one of the banks has dealings with French companies in Dallas. She told me that if she had French language skills she could undoubtedly attract more French clients to her bank. Her language training was in Spanish.

5 of the 10 officers were native Americans having either lived abroad or studied the foreign language in US universities, or both. The head of the Latin American Division at Interfirst lived in Brazil for 5 years and is fluent in Portuguese; he also has some proficiency in Spanish. He has a Masters in International Management from Thunderbird and is quite insistent on his personnel possessing language

skills; he admitted to me that finance majors with language skills are an asset to his division. Other officers were foreign born or had grown up with an ethnic family in America and had spoken the target language since childhood.At one of the banks,the head of the European Division is German and speaks German and Russian. His assistant is native French. Still another officer is Iranian and speaks fluent Indonesian and English while having some knowledge of French, Vietnamese and Thai.

"For what percentage of the day do you speak the foreign language?" Among the bankers the range was 5% to 35% of the day. The young man learning Japanese said that when he becomes "proficient" in the language (by this word I interpret an Intermediate Level on the ACTFL oral proficiency scale),he will use it more than 30% of the day speaking with his Japanese boss, his administrative assistant and clients--especially in the area of cultural amenities.

"On what occasions and in what ways do you use the foreign language?" One banker used Spanish at meetings. Still another used Spanish with customers and with co-workers, face-to-face and on the telephone. Extra compensation for language skills is not given to officers but is offered at the clerical level. The Indonesian linguist informed me that his clients prefer conversing in their own language -- it makes them more comfrotable. He also stated that lacking a foreign language and not being able to break the culture barrier may result in the loss of opportunity. He further mentioned the importance of non-verbal communication and above all the avoidance of translating if at all possible.

The majority of bankers whom I interviewed use a foreign language on the telephone with customers, during travel and face-to-face with customers and co-workers. The percentage of the day's work

in the target language varied from 5% to 35%. The leader of the Latin American Hemispheric Group at Republic stressed that financial statements from his region arrive in Spanish and that Spanish business has its own terms in the language and often does not use English terminology. He needspeople not only with oral proficiency in Spanish but also with an understanding of accounting procedures. For example, the Mexican accounting system is complex and different from ours, the banker noted. Command of a foreign language comes into play with interpersonal skills (marketing, listening to clients, putting them at ease, giving them the impression that you understand their culture and cultural differences between you and them) as well as credit analysis work or reading ability in the target language.

The interviews with the ten officers confirmed the results from the questionnaires identifying listening and speaking as the two most important or widely used skills. The bankers also pointed out that knowledge of culture is desirable.

Not all the bankers interviewed admitted to travel as part of their job. One vice president in the Latin American section of Interfirst travels 20% to 25% of the time and his use of the target language increases during these trips abroad. Furthermore, officers state that the chance to live overseas is good if one so desires. Opportunities exist abroad--especially in the Pacific Rim.TheIndonesian desk officer pointed out that Interfirst has branch offices in Singapore and Tokyo while commenting that demand is greater than supply for international

banking in the Pacific arena--in both foreign-owned and American banks.

The banking officers told me that foreign languages are not required for international banking positions, This statement matched the questionnaires' response from last year that competency is desirable but not mandatory. All officers, however, identify language proficiency and cultural awareness as two important assets for the job. At Interfirst bank, the European desk officer said that the ability to use a foreign language was part of the year's performance evaluation. This same person was acquiring French in addition to Spanish because of the growing business with France in Dallas. Since most of the ventures in Spanish-speaking countries are not in Europe but in Latin America, this European officer seldom gets to use Spanish. The potential to use French in the international community of Dallas is present and thus her need to learn that language.

The ten Dallas bankers applauded and called out for the need of foreign language proficiency in international banking. We must concede, however, that all but one of these bankers had foreign language training and all are cross-culturally sensitive. But what about the officers in other sectors of the bank such as domestic lending and agrobusiness? What about the other officers in the international department whom I was unable to consult? And what about the recruiters for these large banks-- are they aware of the need for foreign languages in international banking? Do they actively recruit candidates with language skills for their international positions? Are they told

to search out these skills? Finally, have the attitudes of the upper management changed? Several of the officers indicated to me that traditionally quantitative (business management) preparation still eclipses consideration for language competence and other factors such as cultural experience.

It may be that all 10 bankers whom I interviewed speak a foreign language well or are eager and motivated to become proficient in one; I was told however that there are still many international bankers who are not proficient. The percentage of these officers at Republic Bank who have language skills ranges from 20% to 33%. At Interfirst, most of the line officers in the international lending department are language proficient but 2/3 of them (12 out of 15) learned English as their second language.

A realistic look at international banking will include the view that foreign language proficiency is a secondary but hopefully important skill for the profession, Hopefully, this skill will come to be more and more appreciated by recruiters, upper-level management and the international banking community. Whether the candidate has an MIM or MBA degree,his or her being hired by a bank will depend on two principal factors. First (and this will always be to a large degree important) the candidate must have a reasonably strong quantitative (business) background. Second, a fairly outgoing and pleasing personality is essential for a career which places so much emphasis on customer relations and interpersonal skills. For this last reason,some international bankers see the advantage of a humanities formation-- such as languages or area studies-- coupled with a business corps preparation. Humanities people have shown themselves to be open, alert, persuasive and good

negotiators-- that is they can possess excellent communication skills. Also, those who have studied foreign langauges and who have lived abroad are culturally sensitive.

For the language/humanities major who is able to supplement his education with an MBA or MIM degree, international banking can provide travel and overseas employment as well as the daily use of the foreign language in customer and co-worker relations. The members of the international departments of the 30 banks to which I initially sent questionnaires last year and the 10 bankers whom I subsequently interviewed attested to the desirability and importance of foreign language proficiency and cultural awareness in international banking. Perhaps later on more and more international bankers will see the necessity of these language skills.

In the meantime,it is incumbent on the language departments of colleges and universities to reassess their goals and set new ones-- if need be. Specifially to be considered is the establishment of oral proficiency guidelines and levels for each of the first four semesters of foreign language programs and the reaffirmation to teach students oral proficiency in the target language--the practical, communicative skills which they can perhaps use later in such professions as journalism, business and foreign affairs.